

**LAW OFFICES OF  
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August 17, 2009

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Honorable Anne K. Quinlan  
Acting Secretary  
Surface Transportation Board  
395 E Street, S.W.  
Washington, D. C. 20423

RE: Docket No. 42104, *Entergy Arkansas, Inc. and Entergy Services, Inc. v. Union Pacific Railroad Company and Missouri & Northern Arkansas Railroad Company, Inc.*  
Finance Docket No. 32187, *Missouri & Northern Arkansas Railroad Company, Inc.-Lease, Acquisition and Operation Exemption-Missouri Pacific Railroad Company and Burlington Northern Railroad Company*

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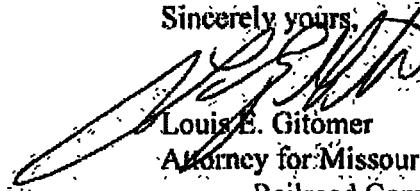
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Dear Acting Secretary Quinlan:

Enclosed for efilng is the Answer of the Missouri & Northern Arkansas Railroad Company, Inc. to the Amended Complaint of Entergy Arkansas, Inc. and Entergy Services, Inc., and to the Joinder in and Supplement to Amended Complaint of Arkansas Electric Cooperative Corporation.

Thank you for your assistance. If you have any questions please call or email me.

Sincerely yours,



Louis E. Gitomer  
Attorney for Missouri & Northern Arkansas  
Railroad Company, Inc.

Enclosure

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Docket No. 42104

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ENTERGY ARKANSAS, INC. AND ENTERGY SERVICES, INC.  
v.  
UNION PACIFIC RAILROAD COMPANY AND MISSOURI & NORTHERN ARKANSAS  
RAILROAD COMPANY, INC.

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Finance Docket No. 32187

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MISSOURI & NORTHERN ARKANSAS RAILROAD COMPANY, INC.  
-LEASE, ACQUISITION AND OPERATION EXEMPTION-  
MISSOURI PACIFIC RAILROAD COMPANY AND  
BURLINGTON NORTHERN RAILROAD COMPANY

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ANSWER OF MISSOURI & NORTHERN ARKANSAS RAILROAD COMPANY, INC.  
TO (1) AMENDED COMPLAINT OF ENTERGY ARKANSAS, INC. AND ENTERGY  
SERVICES, INC. AND (2) JOINDER IN AND SUPPLEMENT TO AMENDED COMPLAINT  
FILED BY ENTERGY OF ARKANSAS ELECTRIC COOPERATIVE CORPORATION

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Attorneys for: MISSOURI & NORTHERN  
ARKANSAS RAILROAD COMPANY, INC.

Dated: August 17, 2009

BEFORE THE  
SURFACE TRANSPORTATION BOARD

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Docket No. 42104

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ENTERGY ARKANSAS, INC. AND ENTERGY SERVICES, INC.  
v.  
UNION PACIFIC RAILROAD COMPANY AND MISSOURI & NORTHERN ARKANSAS  
RAILROAD COMPANY, INC.

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Finance Docket No. 32187

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MISSOURI & NORTHERN ARKANSAS RAILROAD COMPANY, INC.  
-LEASE, ACQUISITION AND OPERATION EXEMPTION-  
MISSOURI PACIFIC RAILROAD COMPANY AND  
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ANSWER OF MISSOURI & NORTHERN ARKANSAS RAILROAD COMPANY, INC.  
TO (1) AMENDED COMPLAINT OF ENTERGY ARKANSAS, INC. AND ENTERGY  
SERVICES, INC. AND (2) JOINDER IN AND SUPPLEMENT TO AMENDED COMPLAINT  
FILED BY ENTERGY OF ARKANSAS ELECTRIC COOPERATIVE CORPORATION

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SUMMARY

Pursuant to 49 C.F.R. §§ 1111.4, Missouri & Northern Arkansas Railroad Company, Inc. ("M&NA") answers (1) the Amended Complaint (the "Amended Complaint") filed on July 27, 2009 by Entergy Arkansas, Inc. ("EAI") and Entergy Services, Inc. ("ESI"), jointly referred to as Entergy and (2) the Joinder in and Supplement to Amended Complaint Filed by Entergy (the "Supplement") filed on July 27, 2009 by Arkansas Electric Cooperative Corporation ("AECC").

Entergy filed the Amended Complaint in response to the Surface Transportation Board's (the "Board") recent decision in *Entergy Arkansas, Inc. and Entergy Services, Inc. v. Union*

*Pacific Railroad Company and Missouri & Northern Arkansas Railroad Company, Inc.*, STB Docket No. 42104 (STB served June 26, 2009) (the “*Decision*”). With respect to M&NA, Entergy seeks prescription of “a through route (or routes) directing [M&NA] ... to interchange traffic with a long-haul carrier other than UP in order to provide adequate and more economic and/or efficient transportation of coal from Powder River Basin (“PRB”) mines to Entergy’s Independence Steam Electric Station (“Independence” or “ISES”). Amended Complaint at 1.

M&NA denies all averments made by Entergy and AECC that M&NA has violated 49 U.S.C. §10705 and related sections and Board regulations regarding M&NA’s lease, its relationship with other rail carriers, and operation of the rail line described below. M&NA also denies that there is a through route that the Board could prescribe that will “provide adequate and more economic and/or efficient transportation of coal” from the PRB to ISES.

### **BACKGROUND**

Pursuant to authorization from the Interstate Commerce Commission, M&NA acquired from the Union Pacific Railroad Company (“UP”) and began operating in 1992 railroad lines located in the States of Missouri, Kansas and Arkansas.

M&NA owns the rail lines located between: (1) milepost 415.7, at Bergman, AR, and milepost 312.2, at Guion, AR; (2) milepost 334.39, at Iron Gate Street in Joplin, MO, and milepost 330.2, end of track near Tamko, including the Tamko Lead, the West Joplin Industrial Trackage, all tracks formerly owned by BNSF in the KCS rail yard in Joplin and BNSF’s Joplin Yard; and (3) milepost 309.9 and milepost 315.3 in Carthage, MO (the “Owned Lines”).

Pursuant to a Lease Agreement dated as of December 11, 1992 by and between Missouri Pacific Railroad Company (“MP”) and M&NA (the “Lease”), M&NA leases from UP the rail

lines between: (1) milepost 643.3, at Pleasant Hill, and milepost 527.9, at Carthage; (2) milepost 316.9, at Nevada, and milepost 265.2, end of track at Clinton, MO; (3) milepost 317.2, at Carthage Sub Jct., and milepost 337.4, at Ft. Scott, KS; (4) milepost 528.2, at Carthage, MO, and milepost 545.7, at Joplin, MO; (5) milepost 527.9, at Carthage, MO, and milepost 415.7, at Bergman, AR; (6) milepost 381.5, at Cotter and milepost 258.7, at Diaz Jct., AR; and (7) milepost 506.5, at Springfield, MO, and milepost 511.4, at Wallis, MO (the "Leased Lines").

M&NA has trackage rights over the UP rail lines located between: (1) Neff Yard at Kansas City, and milepost 643.3, at Pleasant Hill, MO; and (2) milepost 258.7, at Diaz Jct., and milepost 261.0, at Newport, Arkansas (the "Trackage Rights Lines").

The Owned Lines, Leased Lines, and the Trackage Rights Lines will jointly be referred to as the "Line."

The BNSF Railway Company ("BNSF") provides haulage service for the M&NA between Aurora and Springfield, MO. The Branson Scenic Railroad, Inc. and the White River Scenic Railroad operate passenger excursion trains over sections of the Line.

M&NA interchanges with UP at Kansas City, MO, and Newport, AR; BNSF at Lamar, Aurora, Joplin, and Springfield, MO; and KCS at Joplin, MO. Since there are existing interchanges with BNSF at Lamar, Aurora, Springfield, and Joplin, MO, a through route over those interchanges already exists between BNSF and M&NA.

M&NA operates the Owned Lines, the Leased Lines, and the Trackage Rights Lines as a unified system. The Owned Lines are about 108 miles of railroad, the Leased Lines are about 380 miles of railroad, and the Trackage Rights Lines are about 70 miles. If M&NA's right to lease the 380 miles and operate over 30 miles of trackage rights from UP were terminated for

any purpose, M&NA would cease being a viable railroad. If the Lease were terminated, the three segments owned by M&NA would become disconnected islands and M&NA would lose the majority of its traffic. Loss of the lease and trackage rights franchise from the UP would most likely have a devastating financial impact on M&NA and require M&NA to review all options as to the future of its remaining lines. Under the Lease, M&NA may shift up to five percent of the traffic that it interchanges with UP to interchange with another carrier, without incurring an increase in payments to UP. Hence, under the Lease, there is additional competition for up to five percent of the traffic interchanged between UP and M&NA. Were the Lease terminated, this competitive option would end.

M&NA would lose the substantial capital expenditures it has made in the Line if the Lease were terminated. Moreover, there would be a substantial disruption of service to shippers that rely upon M&NA. M&NA would not have the system size or volume of work necessary to retain its workforce of 126. Pursuant to the Board's rules, M&NA would be required to seek discontinuance authority in order to terminate its operations under the Lease, at a minimum. M&NA could incur the costs of labor protection resulting from discontinuance of service over the Leased Lines.

M&NA has operated for over 17 years and has provided a valuable service to its customers as demonstrated by its handling of 110,914 carloads in 2008.

Negotiations between M&NA and Entergy for a through route and BNSF connection were commenced by a letter from Entergy to M&NA on July 21, 2009. See Exhibit 1. M&NA responded to Entergy by letter dated July 24, 2009 requesting additional information. See Exhibit 2. Entergy responded on July 29, 2009, and indicated that it would respond to M&NA's

information request, and that Entergy looked "forward to working with the M&NA on this request." See Exhibit 3. Negotiations for a through route between Entergy and M&NA have commenced at Entergy's request. M&NA is a Class III railroad, small in comparison to Entergy, AECC, and UP. Because there are ongoing negotiations that may resolve the issues raised in the Amended Complaint, the fact that Entergy's coal traffic will most likely continue to move under its existing contract with UP during negotiations; the extensive litigation involved in this proceeding of first impression, the Board's preference for parties to resolve their differences through private negotiations, and the efficiencies and cost savings that will accrue, M&NA respectfully requests the Board to hold this proceeding in abeyance during the negotiations between Entergy and M&NA over the through route.

**To the extent that M&NA does not specifically admit an averment made in the Amended Complaint or Supplement, that averment is denied.**

#### **ANSWER TO AMENDED COMPLAINT**

1. M&NA denies that the Complaint "confirmed that the continued enforcement of certain provisions of a 1992 lease agreement between UP and M&NA precludes interchange of traffic with a long-haul carrier other than UP."

M&NA further denies that the *Decision* cited by Entergy provides any support whatsoever for the averment made in the first sentence of Paragraph 1. To the contrary, the *Decision* denied or held in abeyance the relief sought by Entergy.

M&NA is without sufficient information to admit or deny the averment made by Entergy in the third sentence of Paragraph 1 of the Amended Complaint. The third sentence of Paragraph 1 relates to information within the specific knowledge of Entergy.

2. M&NA admits that the Board served the *Decision* on June 26, 2009. M&NA neither admits or denies the averments made by Entergy concerning the interpretation of the *Decision* in that the *Decision* speaks for itself.

3. M&NA neither admits or denies the averments made by Entergy concerning the interpretation of the *Decision* in that the *Decision* speaks for itself. M&NA neither admits or denies Entergy's characterization of Entergy's Amended Complaint. The second sentence of Paragraph 3 relates to information within the specific knowledge of Entergy.

4. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 4 of the Amended Complaint. Paragraph 4 relates to information within the specific knowledge of Entergy.

5. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 5 of the Amended Complaint. Paragraph 5 relates to information within the specific knowledge of Entergy.

6. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 6 of the Amended Complaint.

7. M&NA admits the averments made by Entergy in Paragraph 7 of the Amended Complaint.

8. M&NA denies that its corporate headquarters is at 5300 Broken Sound Blvd., NW, Boca Raton, Florida 33487. M&NA's corporate headquarters is located at 514 N. Orner, Carthage, MO 64836. M&NA admits the remaining averments made by Entergy in Paragraph 8 of the Amended Complaint.



9. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 9 of the Amended Complaint.

10. M&NA admits the averments made by Entergy in the first sentence of Paragraph 10 of the Amended Complaint, except that M&NA sought to lease, acquire and operate only 491.27 miles of rail line. M&NA denies that Entergy's "evidence in this case" demonstrated anything, in that the Board denied the relief sought by Entergy and the documents speak for themselves.

11. M&NA admits the averments made by Entergy in Paragraph 11 of the Amended Complaint, except that RailTex, Inc. is still the parent company of M&NA.

12. M&NA admits the averments made by Entergy in Paragraph 12 of the Amended Complaint.

13. M&NA admits the averments made by Entergy in Paragraph 13 of the Amended Complaint, except that over 16 years of the term have now expired.

14. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 14 of the Amended Complaint. Since the information referred to in Paragraph 14 has been classified as HIGHLY CONFIDENTIAL, M&NA does not have access to such information.

15. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 15 of the Amended Complaint. Since the information referred to in Paragraph 15 has been classified as HIGHLY CONFIDENTIAL, M&NA does not have access to such information.

16. M&NA admits the averments made by Entergy in Paragraph 16 of the Amended Complaint.

17. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 17 of the Amended Complaint.

18. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 18 of the Amended Complaint.

19. M&NA admits the averments made by Entergy in Paragraph 19 of the Amended Complaint.

20. M&NA admits the averments made by Entergy in Paragraph 20 of the Amended Complaint.

21. M&NA denies the averment made by Entergy in Paragraph 21 of the Amended Complaint. M&NA cannot evaluate this averment because Entergy has not specified any alternate route and has provided no information on which to judge circuitry or efficiency.

22. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 22 of the Amended Complaint.

23. M&NA denies the averment made by Entergy in the first sentence of Paragraph 23 of the Amended Complaint. M&NA is without sufficient information to admit or deny the averments made by Entergy in the second sentence of Paragraph 23 of the Amended Complaint as the factual information, if any, relates to information within the specific knowledge of Entergy, and the opinion is that of Entergy.

24. M&NA admits that it is physically capable of providing rail transportation to deliver coal originating in the PRB on another railroad to Independence. M&NA denies that BNSF is physically capable of providing rail transportation to deliver coal originating in the PRB to Independence in that BNSF does not provide rail service to Independence.

25. M&NA admits that the physical structure is in place to interchange with BNSF at Aurora, Lamar, and Joplin, MO. The interchange structure in place at Springfield, MO is only to serve local customers. M&NA denies that the physical structure is in place to interchange with BNSF at Ft. Scott and Kansas City. M&NA admits that if the necessary investment were made and BNSF and M&NA could reach an interchange agreement, that physical interchange with BNSF could be provided at Aurora, Lamar, Joplin, and Ft. Scott. Trackage rights might be available to interchange at Kansas City.

26. M&NA is without sufficient information to admit or deny the averments made by Entergy in Paragraph 26 of the Amended Complaint, which are based on Entergy's opinion of what is possible.

27. MNA admits that in Paragraph 27, Entergy has accurately quoted Sections 4.01 and 4.03 of the Lease Agreement dated as of December 11, 1992 by and between Missouri Pacific Railroad Company ("MP") and MNA (the "Lease"). MNA denies the characterization in Paragraph 27 of the Lease by Entergy that the "Lease establishes a 'paper barrier'".

28. M&NA admits the averments made by Entergy in Paragraph 28 of the Amended Complaint, except for the rounding of the escalated rental.

29. M&NA denies the averments made by Entergy in Paragraph 29 of the Amended Complaint to the extent that Entergy is interpreting the Lease, which speaks for itself.

30. MNA admits that in Paragraph 30 of the Amended Complaint Entergy has accurately quoted Sections 3.01 and 3.04 of the Lease. MNA denies the characterization of Sections 3.01 and 3.04 of the Lease in the remainder of Paragraph 30 by Entergy.

31. MNA denies the averments in Paragraph 31 of the Amended Complaint. MNA admits that the trackage rights granted in Section 5.05 of the lease are restricted to interchange with UP.

32. MNA admits that in Paragraph 32, Entergy has accurately quoted Section 15.01(f) of the Lease. MNA denies the characterization of Section 15.01(f) of the Lease by Entergy.

33. M&NA hereby incorporates the answers in paragraphs 1-32 as if repeated in their entirety.

34. M&NA admits that the quoted portions of the *Decision* in paragraph 34 of the Amended Complaint are accurate. M&NA denies the characterization of the quotations made by Entergy.

35. Entergy states a legal conclusion in Paragraph 35 of the Amended Complaint, to which no response is required.

36. Entergy states a legal conclusion in Paragraph 36 of the Amended Complaint, to which no response is required. M&NA denies the averments made by Entergy in the second sentence of Paragraph 36 of the Amended Complaint.

37. Entergy states a legal conclusion in Paragraph 37 of the Amended Complaint, to which no response is required.

38. Entergy states a legal conclusion in Paragraph 38 of the Amended Complaint, to which no response is required. M&NA denies the averments made by Entergy in Paragraph 38 of the Amended Complaint.

39. M&NA admits the averments made by Entergy in the first and second sentences of Paragraph 39 of the Amended Complaint. If the Lease were terminated, it is M&NA's belief that

the only traffic, if any, over its line between Bergman and Guion, AR would be loaded cars destined to Independence and empty cars originating at Independence, and that this traffic would have to cover the cost of upgrading and operating the line between Bergman and Guion, AR.

40. M&NA opposes the alternate relief sought by Entergy in Paragraph 40 of the Amended Complaint.

### **ANSWER TO SUPPLEMENT**

1. M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 1 of the Supplement.

2. M&NA hereby incorporates the answers in paragraphs 1-40 to the Amended Complaint as if repeated in their entirety.

3. M&NA denies the averments made by AECC in Paragraph 3 of the Supplement.

4. AECC states a legal conclusion in Paragraph 4 of the Supplement, to which no response is required. To the extent that the averment in Paragraph 4 of the Supplement is not a legal conclusion, M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 4 of the Supplement.

5. M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 5 of the Supplement.

6. M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 6 of the Supplement.

7. M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 7 of the Supplement.

8. M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 8 of the Supplement with respect to the length of the BNSF route. M&NA denies that the distance from Lamar to Independence is 280 miles.

9. M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 9 of the Supplement, except that M&NA denies that the BNSF route is preferable.

10. M&NA admits that AECC correctly quoted 49 U.S.C. §10705(a)(2) in Paragraph 10 of the Supplement.

11. M&NA denies the averments made by AECC in Paragraph 11 of the Supplement.

12. M&NA denies the averments made by AECC in Paragraph 12 of the Supplement.

13. M&NA admits that a portion of the M&NA line of railroad between Diaz, AR and a point in Missouri would be required to be part of the routing for railroad service to Independence. M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 13 of the Supplement as to AECC's information and belief and as to UP's claims. In the last sentence of Paragraph 13 of the Supplement, AECC states a legal conclusion, to which no response is required.

14. M&NA admits that AECC correctly quoted 49 U.S.C. §11102(a) in Paragraph 14 of the Supplement.

15. M&NA is without sufficient information to admit or deny the averments made by AECC in the first phrase of Paragraph 15 of the Supplement because the term "Class I mainline" is subject to more than one interpretation. M&NA admits the averment made by AECC in the second phrase of Paragraph 15 of the Supplement.

16. M&NA is without sufficient information to admit or deny the averments made by AECC in the first phrase of Paragraph 16 of the Supplement because the term "Class I mainline" is subject to more than one interpretation. M&NA admits the averment made by AECC in the second phrase of Paragraph 16 of the Supplement.

17. M&NA is without sufficient information to admit or deny the averments made by AECC in Paragraph 17 of the Supplement.

18. M&NA denies the averments made by AECC in Paragraph 18 of the Supplement.

#### **M&NA'S AFFIRMATIVE DEFENSES**

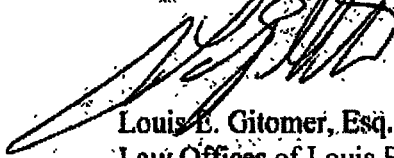
1. Neither Entergy nor AECC has specified the interchange location for the prescription of the through route.
2. Neither Entergy nor AECC has specified the rail carrier that will be required to establish a through route with M&NA.
3. Neither Entergy nor AECC has met or even averred the requirements of 49 C.F.R. 1144.2(a)(1) and (2)(i).
4. Entergy and AECC are seeking to have the Board require M&NA to make unnecessary and wasteful expenditures to construct an interchange without a guaranty of traffic or a means of financing the expenditure.

#### **PRAYER**

For the foregoing reasons, M&NA requests the Board to: (1) hold this proceeding in abeyance while M&NA and Entergy continue to negotiate the establishment of a through route; (2) conclude that M&NA has not violated any provision of 49 U.S.C. §10705; (3) dismiss the

complaint; (4) discontinue this proceeding; and (5) award M&NA such other relief to which it is entitled.

Respectfully submitted;



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Senior Vice President & General Counsel  
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Lou\_Gitomer@verizon.net

Attorneys for: MISSOURI & NORTHERN  
ARKANSAS RAILROAD COMPANY, INC.

Dated: August 17, 2009



**CERTIFICATE OF SERVICE**

I hereby certify that I have caused the foregoing document to be served upon counsel for  
Entergy Arkansas, Inc., Entergy Services, Inc., Union Pacific Railroad Company, Arkansas  
Electric Cooperative Corporation, and BNSF Railway Company electronically.

A handwritten signature in black ink, appearing to read "L. Gitomer", is written over a horizontal line.

Louis E. Gitomer  
August 17, 2009

## EXHIBIT 1



Entergy Services, Inc.  
Parkwood II Bldg., Suite 300  
10055 Grogans Mill Road  
The Woodlands, TX 77380  
Tel. 281 297 3629

Bill Mohl  
Vice President  
System Planning & Operations

July 21, 2009

Tommy Gibson  
General Manager  
Missouri & Northern Arkansas Railroad, Inc.  
514 North Orner Street  
Carthage, MO 64836

Dear Tommy:

We are writing with regard to the coal transportation arrangements for our Independence Station. As you know, the Surface Transportation Board recently issued a decision in our paper barriers case that encouraged Entergy Arkansas, Inc. and Entergy Services, Inc. to seek relief in the form of a through route prescription that would enable M&NA to provide service in conjunction with a long-haul carrier other than UP (*i.e.*, BNSF). We intend to amend our complaint in order to seek that relief.

Prior to doing so, however, we are writing to inquire as to whether M&NA would agree (in the absence of a formal STB prescription) to participate in a through route with BNSF for coal transportation service from the PRB to the plant. We ask that this through route be established with an interchange between BNSF and M&NA at Aurora or Lamar, Missouri, or at any other more appropriate or efficient interchange location.

We look forward to hearing from you and request that you provide a response by the end of the week. Please let us know if you have any questions regarding our request.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill Mohl", written over a circular stamp or seal.

Bill Mohl  
V.P. System Planning & Operations  
Entergy Services, Inc.

**EXHIBIT 2**



## MISSOURI & NORTHERN ARKANSAS RAILROAD

514 N. Omer • P.O. Box 776 • Carthage, MO • 64836 • Phone: 417.358.8800 • Fax: 417.358.6005

July 24, 2009

Mr. Bill Mohl  
Vice President  
System Planning & Operations  
Entergy Services, Inc.  
10055 Grogans Mill Road, Suite 300  
The Woodlands, TX 77380

Dear Mr. Mohl:

The Missouri & Northern Arkansas Railway Company, Inc. ("M&NA") acknowledges receipt of your letter dated July 21, 2009. M&NA is well aware of the decision of the Surface Transportation Board (the "STB") served on June 27, 2009, wherein the STB determined that Entergy Arkansas, Inc. and Entergy Services, Inc. (collectively "Entergy") "focused on the wrong provisions of the statute, and [provided] an opportunity for the shipper to pursue this case under the appropriate provision."

You have indicated that Entergy will amend its complaint before the STB, but at the same time as you intend to engage in further litigation, you have asked M&NA whether it "would agree (in the absence of a formal STB prescription) to participate in a through route with BNSF for coal transportation service from the PRB to the plant. We ask that this through route be established with an interchange between BNSF and M&NA at Aurora or Lamar, Missouri, or any other more appropriate or efficient interchange location."

M&NA remains committed to fulfilling its common carrier obligation by providing a through route at a rate that is compensatory to M&NA. Please be aware that M&NA already has a published tariff for interchange with BNSF at Aurora, although this tariff may contemplate movements of smaller carload volumes than Entergy envisions. Your letter provides no information concerning the proposed coal move as far as operations, service requirements, and volume commitments. In order for M&NA to assess its operational and infrastructure capabilities, and to later determine a compensatory rate over the through route, we request that Entergy provide M&NA with the following additional information:

1. When will these shipments commence?
2. What will be the duration for these shipments (how many months or years)?
3. How much will be the gross weight of the cars?
4. What is the total annual tonnage expected to move?
5. Will the shipments be single car or unit train?
6. If they are unit trains, what length will the trains be, both number of carloads and total footage?
7. What is the expected frequency of unit train shipments (# of trains per-week, especially during peak period)?


## MISSOURI & NORTHERN ARKANSAS RAILROAD

514 N. Ormer • P.O. Box 776 • Carthage, MO • 64836 • Phone: 417.358.8800 • Fax: 417.358.6005

8. What will Entergy's turn time requirements be (i.e. Cycle time of the equipment on M&NA)?
9. Will the trains be scheduled or will they arrive at M&NA at random times?
10. Who will provide the locomotives? Will the locomotives run-through to M&NA?
11. If the locomotives run-through, will they be operated with distributed power?
12. What will be the configuration of the distributed power locomotive consist?
13. What are the arrangements for providing and paying for fuel?
14. Will the equipment be privately owned or railroad owned and, if so, who will provide the equipment and what will be the car hire arrangements?
15. Has Entergy reached a contract with BNSF or received a common carriage rate from BNSF?
16. If the cycle time proposed by Entergy requires M&NA to make improvements to the current condition of the track, how will Entergy assure that M&NA is reimbursed for the full cost of rehabilitation? Will there be a source from Entergy for funding required capital improvements? Will Entergy enter a take or pay contract? Does Entergy have some other plan?
17. The proposed Aurora and Lamar interchange locations are currently inadequate for unit train operations. Does Entergy propose a source for funding required capital improvements to either of these interchange locations?
18. Does Entergy contemplate entering into a contract with volume commitments?
19. Provide any other information concerning the proposed move that will be necessary for M&NA to quote a rate for the type of traffic proposed by Entergy.

Upon receipt of this information, M&NA will be able to provide a more definitive response to your request.

Sincerely yours,



Tommy Gibson  
General Manager

Missouri & Northern Arkansas Railway Company, Inc.

**EXHIBIT 3**



Entergy Services, Inc.  
Parkwood II Bldg., Suite 300  
10055 Grogans Mill Road  
The Woodlands, TX 77380  
Tel 281 297 3629

**Bill Mohl**  
Vice President  
System Planning & Operations

July 29, 2009

Tommy Gibson  
General Manager  
Missouri & Northern Arkansas Railroad, Inc.  
514 North Orner Street  
Carthage, MO 64836

Dear Tommy:

We are writing to acknowledge receipt of your letter dated July 24, 2009. We appreciate the MN&A's response and its commitment to providing a through route. We understand the MN&A requests additional information to assess its operational and infrastructure capabilities to provide a through route. We are in the process of reviewing your questions and will provide a timely and appropriate response.

We look forward to working with the MN&A on this request and will provide a response shortly.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Mohl", written over a horizontal line.

**Bill Mohl**  
VP. System Planning & Operations  
Entergy Services, Inc.